

## **HIGH SCHOOL CORE AREA**

### **Economics**

**Standard ECON-1** The student will demonstrate an understanding of how scarcity and choice impact the economic activity of individuals, families, communities, and nations.

**ECON-1.2** Explain the concept of opportunity costs and how individuals, families, communities, and nations make economic decisions on that basis, including analyzing marginal costs and marginal benefits and assessing how their choices may result in trade-offs.

**Taxonomy Level:** B 2 Understand Conceptual Knowledge

**Previous/future knowledge:**

In first grade (1-6.1, 1-6.3) students explained the concept of scarcity and the way it forces individuals and families to make choices about which goods and services to obtain and identified ways that families and communities cooperate and compromise in order to meet their needs and wants. In second grade (2-5.3) students recognized that people's choices about what they buy will determine what goods and services are produced. Fourth grade (4-1.1, 4-2.3) students explained the political, economic, and technological factors that led to the exploration of the New World by Spain, Portugal, and England and identified the English, Spanish, and French colonies in North America and summarized the motivations for the settlement of these colonies, including freedom of worship, and economic opportunity. These students (4-5.2, 4-5.6) also explained the motives for the exploration in the West and the push for westward expansion, including the concept of manifest destiny, economic opportunities in trade, and the availability of rich land; and compared the experiences of different groups who migrated and settled in the West, including their reasons for migrating, the cooperation and conflict between and among the different groups, and the nature of their daily lives. In fifth grade (5-2.1, 5-2.3) students explained how aspects of the natural environment—including the principal mountain ranges and rivers, terrain, vegetation, and climate of the region—affected travel to the West and thus the settlement of that region and summarized how railroads affected development of the West, including their ease and inexpensiveness for travelers and their impact on trade and the natural environment. Also in fifth grade (5-3.4) students summarized the significance of large-scale immigration and the contributions of immigrants to America in the early 1900s, including the countries from which they came, the opportunities and resistance they faced when they arrived, and the cultural and economic contributions they made to this nation.

In sixth grade (6-1.5) students explained the role of economics in the development of early civilizations, including the significance and geography of trade networks and the agriculture techniques that allowed for an economic surplus and the emergence of city centers. Students also (6-6.2) compared the incentives of the various European countries to explore and settle new lands. In eighth grade (8-5.4) students compared migration patterns within South Carolina and in the United States as a whole in the late nineteenth century, including the population shift from rural to urban areas, migration between regions of the United States, the westward expansion, and the motivations for migration and settlement.

In United States History (USHC-3.1) students explained the impact and challenges of westward movement, including the major land acquisitions, people's motivations for moving west, railroad construction, the displacement of Native Americans, and the its impact on the developing American character. United States History students (USHC-5.6) also explained the influx of immigrants into the United States in the late nineteenth century in relation to the specific economic, political, and social changes that resulted, including the growth of cities and urban ethnic neighborhoods, the restrictions on immigration that were imposed, and the immigrants' responses to the urban political machines.

### **Future Knowledge**

While no future knowledge is required, students should have a basic understanding of the concept of opportunity cost and how choices impact every decision that individuals, families and communities make. Further, understanding basic marginal analysis provides students with a foundation to become effective decision makers by weighing the costs and benefits of every decision they make. In the long run, teaching students to be effective and thoughtful decision makers, allows the student to be a more informed citizen, consumer, employee, and/or business owner.

### **It is essential for students to know**

Students must be able to define the concept of opportunity cost and to further explain examples of opportunity cost. It is essential that students be able to demonstrate the concept of opportunity cost using a production possibilities frontier or a consumption possibilities frontier. Students must be able to quantify the opportunity cost illustrated on a production possibilities curve. In addition, students must understand the concept of increasing opportunity costs, along with an understanding of the types of tradeoffs that individuals and society may face. Students must be able to explain simple examples of personal or societal increasing opportunity cost.

It is also essential that students be able to define and provide simple personal examples of the concept of marginal benefit and marginal cost. Students must be able to quantify personal or societal examples of marginal benefit and marginal cost. Students should also be able to explain the decision making process that is used when reviewing opportunity cost and weighing the marginal benefit and marginal cost of any decision.

### **It is not essential for students to know**

Students do not need to know the concept of marginal revenue. They also do not need to understand the firm's decision making process of weighing the marginal revenue against the marginal cost. Further, it is not essential for students to understand models of cost/benefit analysis.

### **Assessment guidelines:**

Appropriate assessment requires students to ***explain*** the concept of opportunity cost and how individuals, families, communities and nations make economic decisions on that basis; therefore the primary focus of assessment should be for students to ***model*** the production possibilities curve and to ***explain*** opportunity costs as it relates to tradeoffs along the production possibilities curve. However, appropriate assessments should also require students to ***apply*** the concept of

marginal benefit and marginal cost to individual and family decision making to further highlight the opportunity cost concept.